

Multiple Agency Fiscal Note Summary

Bill Number: 8207 SJR	Title: School district bonds
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI				222,286,000		477,782,000
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of the Secretary of State	.0	35,000	35,000	35,000	.0	0	0	0	.0	0	0	0
Superintendent of Public Instruction	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	35,000	35,000	35,000	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of the Secretary of State	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	222,286,000	222,286,000	.0	477,782,000	477,782,000
Total \$	0.0	0	0	0.0	222,286,000	222,286,000	0.0	477,782,000	477,782,000

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI						2,325,066,000			2,791,683,000
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Agency Name	2023-25	2025-27	2027-29
	Total	Total	Total
Construction	0	2,325,066,000	2,791,683,000
Grants/Loans	0	222,286,000	477,782,000
Total \$	0	2,547,352,000	3,269,465,000

Prepared by: Brian Fechter, OFM	Phone: (360) 688-4225	Date Published: Final 1/23/2024
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Individual State Agency Fiscal Note

Bill Number: 8207 SJR	Title: School district bonds	Agency: 085-Office of the Secretary of State
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
General Fund-State 001-1	0	35,000	35,000	0	0
Total \$	0	35,000	35,000	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Alex Fairfortune	Phone: 360-786-7416	Date: 01/02/2024
Agency Preparation: Mike Woods	Phone: (360) 704-5215	Date: 01/08/2024
Agency Approval: Mike Woods	Phone: (360) 704-5215	Date: 01/08/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/08/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The bill would require the Secretary of State to add a constitutional amendment to the 2024 General Election.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

To implement this bill, the Office of the Secretary of State (OSOS) would incur costs related to placing a constitutional amendment on the General Election ballot. This would increase costs for producing the Voter's Pamphlet and the prorated state share of election costs paid under RCW 29A.04.420.

Voters' pamphlet:

This bill requires OSOS to print the constitutional amendment in the voters' pamphlet. Printing the constitutional amendment, estimated to be 8 pages, has a projected cost of approximately \$10,000 which is comprised of printing, composition, and language translation.

Even-Year election costs:

Adding an additional issue for the state will increase of \$25,000 in the state share of even-year election costs. This amount was calculated by adding an additional issue the state share for each of the 2022 election costs.

Legal advertisements:

The Office of the Secretary of State operating budget includes funding for the publication of notices in every legal newspaper in the state four times prior to the general election. This fiscal note does not assume additional cost to publish this measure because the notices would be customized such that they remain within the authorized budget for legal advertising.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	35,000	35,000	0	0
Total \$			0	35,000	35,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services		10,000	10,000		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		25,000	25,000		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	35,000	35,000	0	0

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 8207 SJR	Title: School district bonds	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	222,286,000	233,178,000	244,604,000
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	0	0	0	222,286,000	233,178,000	244,604,000

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Alex Fairfortune	Phone: 360-786-7416	Date: 01/02/2024
Agency Preparation: Kirti Vijay	Phone: 3607256261	Date: 01/08/2024
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 01/08/2024
OFM Review: Brian Fechter	Phone: (360) 688-4225	Date: 01/09/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Changes Article VII, Section 2(b) of the Constitution of the state of Washington to allow school districts to issue bonds be authorized by a majority of the voters voting on the proposition, without regard to the total number of voters voting on the proposition.

Article VIII, Section 6 reads that the authorization necessary for a school district to incur debt shall be by a majority of the voters voting on the proposition, without regard to the total number of voters voting on the proposition.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

No impact to the Office of Superintendent of Public Instruction's (OSPI) cash receipts.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

No impact to OSPI's operating budget.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	0	0	0	222,286,000	477,782,000
Total \$			0	0	0	222,286,000	477,782,000

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				222,286,000	477,782,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	0	0	222,286,000	477,782,000

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Pre-design/Design					
Construction					
Grants/Loans				222,286,000	477,782,000
Staff					
Other					
Total \$				222,286,000	477,782,000

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

The fiscal impact for this proposal is indeterminate because the dates of future bond elections and voter participation for all 295 local school districts are not known. However, for discussion purposes, the following is an estimate of the fiscal impact of the proposed bill based on assumptions of future voter behavior and historical data.

The following are two potential impacts of lowering the threshold for passing local school district bond issues from sixty percent (60%) “super-majority” level to a level of fifty (50%) percent:

First, by lowering the threshold, school districts could be more successful in gaining voter to approve school construction initiatives through levying taxes, issuing bonds, and incurring debt.

Second, if school districts are more successful, then the demand for state funding assistance through the School Construction Assistance Program (SCAP) would be expected to increase.

Fiscal Analysis (See Attachment 1 for Cost Detail)

The analysis provided is based on school district bond elections from 2009 to 2019 and does not include bond elections for years 2020 through 2023 due to historic small number of bond elections presented to voters.

According to county election data results, school district voters have approved over \$15.2 billion in capital bonds for school construction projects from 2009 to 2019 which averages to approximately \$1.3 billion per year. In the same time period, SCAP has approved \$3.1 billion (\$285 million average yearly funding) in state funding assistance to local school districts. Based on this historical data, the ratio of state funding to local funding amounted to 21%.

During the time period 2009 through 2019, local school district bond issues in elections receiving voter approval rates of 50% - 59.99% totaled \$8.9 billion which averages almost \$814 million per year. Applying the same ratio of state funding (21%) to these bond issues which would have passed with at least 50% approval, the estimated additional annual state funding cost to SCAP would be \$168 million before construction inflation.

OSPI assumes the legislature and voters would approve the change to the constitution in 2024. Based on this time frame, OSPI estimates the first round of school construction projects eligible for state funding would not seek state assistance until the July 2026 grant release (Fiscal Year 2027).

The estimated additional SCAP funding assistance due to lowering the level of voter approval for school districts to issue bonds is the following:

- FY 2024 – No Fiscal Impact
- FY 2025 – No Fiscal Impact
- FY 2026 - No Fiscal Impact
- FY 2027 - \$222.28 Million
- FY 2028 - \$233.17 Million
- FY 2029 - \$244.60 Million
- FY 2030 - \$256.59 Million
- FY 2031 - \$269.16 Million
- FY 2032 - \$282.35 Million
- FY 2033 - \$296.18 Million
- FY 2034 - \$310.70 Million
- FY 2035 - \$325.92 Million

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

**Office of Superintendent of Public Instruction
School District Elections- Attachment 1**

Bond Issue Elections with passage > 60%

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	Average
Number of Bond Elections Which Passed The First Time	11	9	5	10	12	12	23	24	21	16	12	8	0	4	2	155	14
Value of Bond Elections Which Passed The First Time	\$ 490,896,550	\$ 544,995,000	\$ 91,490,000	\$ 503,531,500	\$ 1,157,987,000	\$ 1,544,400,000	\$ 1,696,275,474	\$ 3,372,159,242	\$ 1,999,880,773	\$ 2,449,662,812	\$ 1,383,308,000	\$ 1,765,000,000	\$ -	\$ 1,741,397,000	\$ 275,300,000	\$ 15,234,586,351	\$ 1,384,962,396

SCAP Calendar Release Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	Average
State Funding for Projects (Base Grant)	\$ 148,988,403	\$ 225,347,126	\$ 314,661,309	\$ 212,963,558	\$ 184,767,661	\$ 212,729,963	\$ 229,188,284	\$ 312,012,979	\$ 336,129,669	\$ 572,139,295	\$ 386,434,460	\$ 617,346,992	\$ 256,827,541	\$ 162,546,331	\$ 81,134,246	\$ 3,135,362,706	\$ 285,032,973
State Art Allocation	\$ 321,528	\$ 641,589	\$ 1,211,351	\$ 537,467	\$ 767,054	\$ 889,390	\$ 696,833	\$ 1,043,134	\$ 928,911	\$ 1,836,120	\$ 1,469,290	\$ 1,836,429	\$ 795,583	\$ 570,333	\$ 269,698	\$ 10,342,669	\$ 940,243
Total State Funding	\$ 149,309,932	\$ 225,988,715	\$ 315,872,660	\$ 213,501,025	\$ 185,534,715	\$ 213,619,353	\$ 229,885,116	\$ 313,056,113	\$ 337,058,580	\$ 573,975,414	\$ 387,903,750	\$ 619,183,421	\$ 257,623,124	\$ 163,116,664	\$ 81,403,944	\$ 3,145,705,375	\$ 285,973,216

Calendar Year 2020-2023 is for informational purposes only, not used in calculations due to the low number of bond issues presented to voters.

Calculation of Rate of Need for State Funding with respect to Bond Passage

11 Year Average of Bond Elections with passage >60%	\$ 1,384,962,396
11 Year Average of State Funding Assistance	\$ 285,973,216
Ratio of State Funding to Bond Passed	21%

Bond Election and State Funding Assistance data for years 2009 to 2019 was used for the calculation

Bond Issue Elections with approval rates > 50% - 59.99%

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	Average
Number of "First" Elections	6	5	7	4	11	13	12	13	12	19	5	107	10
Bond Value of "First" Elections	\$ 430,870,438	\$ 363,460,000	\$ 262,804,868	\$ 341,800,000	\$ 447,215,554	\$ 1,618,321,156	\$ 734,044,291	\$ 1,141,510,452	\$ 607,154,039	\$ 2,342,905,861	\$ 663,300,000	\$ 8,953,386,659	\$ 813,944,242
Ratio of State Funding to Bonds Passed													21%
Estimated State Funding Assistance (Average Bonds Issues with passage >50% - 59.99% X Ratio of State Funding to Bonds Passed)													\$ 168,067,000

Inflation Used in Maintenance Level Models

Biennium	2019-21		2021-23		2023-25		2025-27	
Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027
Inflation Rate (Maintenance Level)	102.71%	102.64%	101.70%	101.89%	104.90%	104.90%	104.90%	104.90%
Simple Majority (>50%)	\$ 172,623,000	\$ 177,175,000	\$ 180,178,000	\$ 183,574,000	\$ 192,569,000	\$ 202,005,000	\$ 211,903,000	

Estimated SCAP funding

Biennium	2025-27		2027-29		2029-31		2031-33		2033-35	
Fiscal Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Estimated Average Inflation Rate		104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%
Estimated SCAP Funding with Inflation										
Simple Majority (>50%)	\$ 222,286,000	\$ 233,178,000	\$ 244,604,000	\$ 256,590,000	\$ 269,163,000	\$ 282,352,000	\$ 296,187,000	\$ 310,700,000	\$ 325,924,000	

If the bill becomes law in April 2024 and is ratified in November 2024, school districts would need 6-8 months for bond planning. The earliest of bonds with the simple majority may pass in November 2025 enabling them to be part of the SCAP release starting in fiscal year 2027.

**Office of Superintendent of Public Instruction
School District Elections- Attachment 2
Local School District Capital Budget Impact**

Bond Issue Elections with approval rates > 50% - 59.99%

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	Average
Number of "First" Elections	6	5	7	4	11	13	12	13	12	19	5	107	10
Bond Value of "First" Elections	\$ 430,870,438	\$ 363,460,000	\$ 262,804,868	\$ 341,800,000	\$ 447,215,554	\$ 1,618,321,156	\$ 734,044,291	\$ 1,141,510,452	\$ 607,154,039	\$ 2,342,905,861	\$ 663,300,000	\$ 8,953,386,659	\$ 813,944,242
Ratio of State Funding to Bonds Passed													21%
Estimated State Funding Assistance (Average Bonds Issues with passage >50% - 59.99% X Ratio of State Funding to Bonds Passed)													\$ 168,067,000

Inflation Used in Maintenance Level Models

Biennium	2019-21		2021-23		2023-25		2025-27	
Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027
Inflation Rate (Maintenance Level)	102.71%	102.64%	101.70%	101.89%	104.90%	104.90%	104.90%	
Simple Majority (>50%)	\$ 172,623,000	\$ 177,175,000	\$ 180,178,000	\$ 183,574,000	\$ 192,569,000	\$ 202,005,000	\$ 211,903,000	
Estimated Increase of Local Bond Issues passed >50% to 59.99%	\$ 836,010,000	\$ 858,056,000	\$ 872,600,000	\$ 889,049,000	\$ 932,612,000	\$ 978,310,000		

Estimated bond passage funding + SCAP funding

Biennium	2025-27		2027-29		2029-31		2031-33		2033-35	
Fiscal Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Estimated Average Inflation Rate	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%
Estimated SCAP Funding with Inflation - Simple Majority (>50%)		\$ 222,286,000	\$ 233,178,000	\$ 244,604,000	\$ 256,590,000	\$ 269,163,000	\$ 282,352,000	\$ 296,187,000	\$ 310,700,000	\$ 325,924,000
Estimate additional local bond issues for School Construction	\$ 1,026,247,000	\$ 1,076,533,000	\$ 1,129,283,000	\$ 1,184,618,000	\$ 1,242,664,000	\$ 1,303,555,000	\$ 1,367,429,000	\$ 1,434,433,000	\$ 1,504,720,000	\$ 1,578,451,000
Biennial Total		\$ 2,325,066,000		\$ 2,791,683,000		\$ 3,071,972,000		\$ 3,380,401,000		\$ 3,719,795,000

If the bill becomes law in April 2024 and is ratified in November 2024, school districts would need 6-8 months for bond planning. The earliest of bonds with the simple majority may pass in November 2025 enabling them to be part of the SCAP release starting in fiscal year 2027.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 8207 SJR

Title: School district bonds

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:
- Counties: Potential ballot measure costs.
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs: Putting specific measures on the ballot are one-time costs for counties.
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Whether the act would be approved by both chambers of the Washington State Legislature. If the ballot measure would require an addition page on the November General Election ballot.

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 01/10/2024
Leg. Committee Contact: Alex Fairfortune	Phone: 360-786-7416	Date: 01/02/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/10/2024
OFM Review: Brian Fechter	Phone: (360) 688-4225	Date: 01/11/2024

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

The proposed joint resolution would submit to voters an amendment to Article VII and VIII of the Washington State Constitution for the purposes of an authorizing school districts to issue and repay debt obligations that exceed statutory limits for school capital needs.

The resolution is null and void if not approved by both chambers of the Washington State Legislature by a two-thirds majority vote.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

The expenditure impact of this legislation is indeterminate, but it may have minor (less than \$50,000) to moderate (\$50,000 to less than \$1 million) costs for each county auditors' office as it relates to the ballot measure for the purposed constitutional amendment. This measure would go on all county ballots for the next general election if approved by both chambers of the Washington State Legislature.

ELECTIONS COSTS:

County auditor election departments conduct elections on behalf of special taxing districts, cities, counties, state government, and federal government. Each county bills its local jurisdictions for a prorated share of the cost of each election. Election costs include both fixed and variable costs related to a specific election. Accordingly, the cost to a jurisdiction varies significantly depending on how many other jurisdictions share the specific election date. If there are many sharing a date then each jurisdiction's share of the costs are lower. November general elections have the most participating jurisdictions so the cost to individual jurisdictions is lower.

The incremental cost increase resulting from one additional ballot measure is minimal to the counties (typesetting the question, proofreading, system programming and ballot inspection) except when it causes a county to print an additional ballot page. At this point, significant additional costs would be incurred for printing, handling, and postage. The need for an additional ballot page occurs at a different point in each county depending on how full the ballot is with local items and the length and width of that county's physical ballot page. The four major county voting systems in Washington each have differently-sized ballots. According to the Washington State Association of County Auditors, after adjusting for inflation, there is an average cost of \$0.53 per voter for each additional ballot page when factoring in printing and processing. During the 2023 general election, there were 4,829,084 registered voters statewide indicating that costs could potentially exceed \$2.5 million if each county printed an additional page for the 2024 general election. However, this would likely be the upper bound for the ballot costs, as not every jurisdiction would find it necessary to print the additional page.

$\$0.53 \text{ per voter, per ballot page} \times 4,829,084 \text{ registered voters} = \$2,559,415$

Counties would be required to produce a local voter's pamphlet and the impact of this requirement on these jurisdiction's expenditures is indeterminate. A survey of counties by the local government fiscal note program indicates 30 counties currently provide a voter pamphlet that covers local elections. These costs are currently incurred as a local option and including additional pages for the content of the purposed constitutional amendment would vary by jurisdiction. The publication of a local voter's pamphlet could not be confirmed in 9 counties representing approximately 9.7% of the state's population. It is not known if the number of registered voters in these counties is proportionate the share of population.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This legislation would result in indeterminate local government revenue impacts as the state would reimburse county

auditors' offices for their proportionate election costs in order to put the constitutional amendment on the ballot.

If the amendment is not ratified then this act is null and void and there would be no impact associated with this resolution.

SOURCES:

Local Government Fiscal Note Program, HJR 4205 (2021)

Office of the Secretary of State

Washington State Association of County Auditors

Individual State Agency Fiscal Note

Bill Number: 8207 SJR	Title: School district bonds	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Local School District-Private/Local New-7				222,286,000	477,782,000
Total \$				222,286,000	477,782,000

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Pre-design/Design	0	0	0	0	0	0
Construction	0	0	1,026,247,000	1,298,819,000	1,362,461,000	1,429,222,000
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	0	0	1,026,247,000	1,298,819,000	1,362,461,000	1,429,222,000

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

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Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 01/08/2024
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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Changes Article VII, Section 2(b) of the Constitution of the state of Washington to allow school districts to issue bonds to be authorized by a majority of the voters voting on the proposition, without regard to the total number of voters voting on the proposition.

Article VIII, Section 6 reads that the authorization necessary for a school district to incur debt shall be by a majority of the voters voting on the proposition, without regard to the total number of voters voting on the proposition.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

By lowering the voter approval level for bonds, it will be easier for local school districts to access funding through the school construction assistance program (SCAP) administered by the Office of Superintendent of Public Instruction (OSPI). The amount of cash receipts is indeterminate because the amount of future bond issues and voter approval is unknown. However, for discussion purposes, the following is an estimate of the fiscal impact of the proposed bill based on assumptions of future voter behavior and historical data.

Fiscal Analysis (See Attachments 1 and 2) – The cash receipts estimate is based on the amount of funding local school districts would receive from the state through SCAP using the assumptions in OSPI’s fiscal note to compute the impact to SCAP. The analysis provided is based on school district bond elections from 2009 to 2019 and does not include bond elections for years 2020 through 2023 due to historic small number of bond elections presented to voters.

School district voters have approved over \$15.2 billion in capital bonds from 2009 to 2019 which averages to approximately \$1.3 billion per year. In the same time period, SCAP has provided \$3.1 billion (\$285 million average yearly funding) in funding to local school districts. Based on this historical data, the ratio of state funding to local funding amounted to 21%.

In the same time period (2009 through 2019), local school district bond issues in all elections receiving voter approval rate of 50%- 59.99% totaled \$8.9 billion which averaged almost \$814 million per year. Applying the same ratio of state funding (21%) to these bond issues, the estimated additional annual cost to SCAP would be \$168 million before construction inflation.

OSPI assumes the legislature and voters would approve the change to the constitution in 2024. Based on this time frame, OSPI estimates the first round of school construction projects eligible for state funding would not seek state assistance until the July 2026 grant release (Fiscal Year 2027).

The estimated additional SCAP funding assistance due to lowering the level of voter approval for school districts to issue general obligation bonds is the following:

FY 2024 – No Fiscal Impact
FY 2025 – No Fiscal Impact
FY 2026 - No Fiscal Impact
FY 2027 - \$222.28 Million
FY 2028 - \$233.17 Million
FY 2029 - \$244.60 Million
FY 2030 - \$256.59 Million
FY 2031 - \$269.16 Million

FY 2032 - \$282.35 Million
 FY 2033 - \$296.18 Million
 FY 2034 - \$310.70 Million
 FY 2035 - \$325.92 Million

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
New-7	Local School District	State	0	0	0	2,325,066,000	2,791,683,000
Total \$			0	0	0	2,325,066,000	2,791,683,000

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays				2,325,066,000	2,791,683,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	0	0	2,325,066,000	2,791,683,000

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design					
Construction				2,325,066,000	2,791,683,000
Grants/Loans					
Staff					
Other					
Total \$				2,325,066,000	2,791,683,000

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

With the lower voter approval level, OSPI estimates school districts will be more successful in passing bonds related to school construction.

The fiscal impact for this proposal is indeterminate because the dates of future bond elections of all 295 local school districts are not known and voter participation and behavior is not known. However, for discussion purposes, the following is an estimate of the fiscal impact of the proposed bill based on assumptions of future voter behavior and historical data.

Fiscal Analysis (See attachments 1 and 2)

Local school districts have offered bond issues to voters which did not achieve a 3/5 approval (60%) but did receive a majority of votes, which would satisfy the 50% threshold in the proposal in the amount of \$8.9 billion from 2009 to 2019. The yearly average of these bonds was \$813 million. OSPI assumes local school districts will offer the same level of bond issues plus construction inflation to its voters in this cost estimate.

OSPI assumes the legislature and voters would approve the changes to the constitution in 2024. Based on this time frame, OSPI estimates the first round of school construction projects eligible for state funding would not see state assistance until the July 2026 grant release (Fiscal Year 2027).

The estimated additional funding available for school construction raised by local school districts due to lowering of the voter approval threshold to issue general obligation bonds is:

- FY 2024 – No Fiscal Impact
- FY 2025 – No Fiscal Impact
- FY 2026 - \$1.02 Billion Local Share
- FY 2027 - \$1.07 Billion Local Share + \$222.28 Million State Funding
- FY 2028 - \$1.12 Billion Local Share + \$233.17 Million State Funding
- FY 2029 - \$1.18 Billion Local Share + \$244.60 Million State Funding
- FY 2030 - \$1.24 Billion Local Share + \$256.59 Million State Funding
- FY 2031 - \$1.30 Billion Local Share + \$269.16 Million State Funding
- FY 2032 - \$1.36 Billion Local Share + \$282.35 Million State Funding
- FY 2033 - \$1.43 Billion Local Share + \$296.18 Million State Funding
- FY 2034 - \$1.50 Billion Local Share + \$310.70 Million State Funding
- FY 2035 - \$1.57 Billion Local Share + \$325.92 Million State Funding

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

**Office of Superintendent of Public Instruction
School District Elections- Attachment 1**

Bond Issue Elections with passage > 60%

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	Average
Number of Bond Elections Which Passed The First Time	11	9	5	10	12	12	23	24	21	16	12	8	0	4	2	155	14
Value of Bond Elections Which Passed The First Time	\$ 490,896,550	\$ 544,995,000	\$ 91,490,000	\$ 503,531,500	\$ 1,157,987,000	\$ 1,544,400,000	\$ 1,696,275,474	\$ 3,372,159,242	\$ 1,999,880,773	\$ 2,449,662,812	\$ 1,383,308,000	\$ 1,765,000,000	\$ -	\$ 1,741,397,000	\$ 275,300,000	\$ 15,234,586,351	\$ 1,384,962,396

SCAP Calendar Release Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	Average
State Funding for Projects (Base Grant)	\$ 148,988,403	\$ 225,347,126	\$ 314,661,309	\$ 212,963,558	\$ 184,767,661	\$ 212,729,963	\$ 229,188,284	\$ 312,012,979	\$ 336,129,669	\$ 572,139,295	\$ 386,434,460	\$ 617,346,992	\$ 256,827,541	\$ 162,546,331	\$ 81,134,246	\$ 3,135,362,706	\$ 285,032,973
State Art Allocation	\$ 321,528	\$ 641,589	\$ 1,211,351	\$ 537,467	\$ 767,054	\$ 889,390	\$ 696,833	\$ 1,043,134	\$ 928,911	\$ 1,836,120	\$ 1,469,290	\$ 1,836,429	\$ 795,583	\$ 570,333	\$ 269,698	\$ 10,342,669	\$ 940,243
Total State Funding	\$ 149,309,932	\$ 225,988,715	\$ 315,872,660	\$ 213,501,025	\$ 185,534,715	\$ 213,619,353	\$ 229,885,116	\$ 313,056,113	\$ 337,058,580	\$ 573,975,414	\$ 387,903,750	\$ 619,183,421	\$ 257,623,124	\$ 163,116,664	\$ 81,403,944	\$ 3,145,705,375	\$ 285,973,216

Calendar Year 2020-2023 is for informational purposes only, not used in calculations due to the low number of bond issues presented to voters.

Calculation of Rate of Need for State Funding with respect to Bond Passage

11 Year Average of Bond Elections with passage >60%	\$ 1,384,962,396
11 Year Average of State Funding Assistance	\$ 285,973,216
Ratio of State Funding to Bond Passed	21%

Bond Election and State Funding Assistance data for years 2009 to 2019 was used for the calculation

Bond Issue Elections with approval rates > 50% - 59.99%

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	Average
Number of "First" Elections	6	5	7	4	11	13	12	13	12	19	5	107	10
Bond Value of "First" Elections	\$ 430,870,438	\$ 363,460,000	\$ 262,804,868	\$ 341,800,000	\$ 447,215,554	\$ 1,618,321,156	\$ 734,044,291	\$ 1,141,510,452	\$ 607,154,039	\$ 2,342,905,861	\$ 663,300,000	\$ 8,953,386,659	\$ 813,944,242
Ratio of State Funding to Bonds Passed													21%
Estimated State Funding Assistance (Average Bonds Issues with passage >50% - 59.99% X Ratio of State Funding to Bonds Passed)													\$ 168,067,000

Inflation Used in Maintenance Level Models

Biennium	2019-21		2021-23		2023-25		2025-27	
Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027
Inflation Rate (Maintenance Level)	102.71%	102.64%	101.70%	101.89%	104.90%	104.90%	104.90%	104.90%
Simple Majority (>50%)	\$ 172,623,000	\$ 177,175,000	\$ 180,178,000	\$ 183,574,000	\$ 192,569,000	\$ 202,005,000	\$ 211,903,000	

Estimated SCAP funding

Biennium	2025-27		2027-29		2029-31		2031-33		2033-35	
Fiscal Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Estimated Average Inflation Rate		104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%
Estimated SCAP Funding with Inflation										
Simple Majority (>50%)	\$ 222,286,000	\$ 233,178,000	\$ 244,604,000	\$ 256,590,000	\$ 269,163,000	\$ 282,352,000	\$ 296,187,000	\$ 310,700,000	\$ 325,924,000	

If the bill becomes law in April 2024 and is ratified in November 2024, school districts would need 6-8 months for bond planning. The earliest of bonds with the simple majority may pass in November 2025 enabling them to be part of the SCAP release starting in fiscal year 2027.

**Office of Superintendent of Public Instruction
School District Elections- Attachment 2
Local School District Capital Budget Impact**

Bond Issue Elections with approval rates > 50% - 59.99%

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	Average
Number of "First" Elections	6	5	7	4	11	13	12	13	12	19	5	107	10
Bond Value of "First" Elections	\$ 430,870,438	\$ 363,460,000	\$ 262,804,868	\$ 341,800,000	\$ 447,215,554	\$ 1,618,321,156	\$ 734,044,291	\$ 1,141,510,452	\$ 607,154,039	\$ 2,342,905,861	\$ 663,300,000	\$ 8,953,386,659	\$ 813,944,242
Ratio of State Funding to Bonds Passed													21%
Estimated State Funding Assistance (Average Bonds Issues with passage >50% - 59.99% X Ratio of State Funding to Bonds Passed)													\$ 168,067,000

Inflation Used in Maintenance Level Models

Biennium	2019-21		2021-23		2023-25		2025-27	
Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027
Inflation Rate (Maintenance Level)	102.71%	102.64%	101.70%	101.89%	104.90%	104.90%	104.90%	
Simple Majority (>50%)	\$ 172,623,000	\$ 177,175,000	\$ 180,178,000	\$ 183,574,000	\$ 192,569,000	\$ 202,005,000	\$ 211,903,000	
Estimated Increase of Local Bond Issues passed >50% to 59.99%	\$ 836,010,000	\$ 858,056,000	\$ 872,600,000	\$ 889,049,000	\$ 932,612,000	\$ 978,310,000		

Estimated bond passage funding + SCAP funding

Biennium	2025-27		2027-29		2029-31		2031-33		2033-35	
Fiscal Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Estimated Average Inflation Rate	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%	104.90%
Estimated SCAP Funding with Inflation - Simple Majority (>50%)	\$ 222,286,000	\$ 233,178,000	\$ 244,604,000	\$ 256,590,000	\$ 269,163,000	\$ 282,352,000	\$ 296,187,000	\$ 310,700,000	\$ 325,924,000	
Estimate additional local bond issues for School Construction	\$ 1,026,247,000	\$ 1,076,533,000	\$ 1,129,283,000	\$ 1,184,618,000	\$ 1,242,664,000	\$ 1,303,555,000	\$ 1,367,429,000	\$ 1,434,433,000	\$ 1,504,720,000	\$ 1,578,451,000
Biennial Total	\$ 2,325,066,000	\$ 2,791,683,000	\$ 3,071,972,000	\$ 3,380,401,000	\$ 3,719,795,000					

If the bill becomes law in April 2024 and is ratified in November 2024, school districts would need 6-8 months for bond planning. The earliest of bonds with the simple majority may pass in November 2025 enabling them to be part of the SCAP release starting in fiscal year 2027.